

April 10, 2006

Board of Oil, Gas and Mining  
State of Utah, Department of Natural Resources  
1594 West North Temple, Suite 1210  
Salt Lake City, UT 84114-5801

**FILED**

APR 10 2006

SECRETARY, BOARD OF  
OIL, GAS & MINING

Docket No. 2006-007

Cause No. S/015/047

**REFERENCE: Petition for waiver of required legal counsel**

Dear Board Members:


According to the following arguments, Gypsum Resource Development, Inc. (GRD) does for good cause and adequacy hereby petition the Board to waive the requirement of legal counsel and allow Curtis Larkin, sole owner and officer of GRD, to present its case.

**Arguments for Waiver of Required Legal Counsel**

1. The magnitude of the reclamation work to be performed is estimated to be less than \$10,000, and is secured with a \$10,000 performance bond in the form of a CD on deposit with Zion's Bank. This CD is the only source of funds to complete the reclamation, the cost of legal counsel would cause an undue cost and would cause GRD to be unable to present its case to the Board.
2. Whereas no legal complexities or precedence are being argued, legal counsel would cost an unwarranted 25% to 35% of the required reclamation cost.
3. GRD, under significant financial hardship, ceased operations in early 2001 and exists now only to sell or lease its remaining assets and otherwise has no ongoing business activities or financial resources.
4. Through its sale of assets, lease revenues and loans from Larkin, GRD has avoided bankruptcy, paid all its employee obligations, paid all its trade creditors and suppliers, kept current on its mortgage and debt payments, and paid all its tax obligations except the last three years of property taxes.
5. GRD is a sub chapter S corporation wholly owned by Curtis Larkin and his wife, Diane Larkin. GRD's officers are Curtis Larkin and Diane Larkin. GRD has no other corporate officers or structure. Since Cannon Industries failed in its original gypsum venture with GRD and sold it to Larkin, GRD has operated as a small business entity and structure. Were GRD organized today it would be structured as a limited liability company and might therefore be afforded the same opportunity to represent itself before the Board without legal counsel.

I thank the board for its careful consideration in this matter.

Sincerely,

  
Curtis R. Larkin  
GRD, Inc.

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**SECRETARY, BOARD OF  
OIL, GAS & MINING**

*Docket No. 2006-007  
Cause No. 8/015/047*

**REFERENCE: Petition for extension of time to perform reclamation**

Dear Board Members:

According to the following arguments, Gypsum Resource Development, Inc. (GRD) does hereby petition the Board to hear its case for an extension of time to perform its reclamation requirements on a small mine operation in Emery County.

**Arguments for Petition for an Extension of Time to Perform Reclamation**


1. In late 1989 and early 1990, GRD under the ownership of Cannon Industries, leased gypsum mineral claims from a group of claim holders represented by Clark Powell.
2. In addition to funding substantial operating losses, GRD invested over \$600,000 to significantly upgrade a county road for hauling, lease and prove out the mineral deposit and develop the mine site under the scope of an initial small mine permit granted by DOGM. The gypsum and mine site activities of the venture failed completely and ceased operations by early 1992. The mineral processing activities of GRD started back up processing limestone in early 1993 until late 2000. The mineral lease with the claim holders was renegotiated in 1994 and finally terminated in 1996.
3. Although it is known now that the claim holders had no legal basis to do so, after termination of the mineral lease GRD was precluded, including with legal threats, from entering back on the property to perform required reclamation work.
4. In 1996 Curtis Larkin acquired an option to purchase GRD and exercised that option in 1998. In 1996 an agreement was negotiated with the claim holders wherein the claim holders would assume the mineral and mining rights, including the reclamation obligations, cash bond and mined mineral stockpiles. After agreeing to it, the claim holders did not sign the agreement.
5. In early 1997, in an effort to secure the interest on the bond, including back interest, the claim holders renewed acknowledgement of their acceptance of the assignment agreement (redrafted in 1997) and finally returned a signed copy to GRD in July or August with a signature date of June 10, 1997. Thereafter, the claimholders made no serious effort to perfect the assignment by renewing the encroachment and reclamation agreement with Emery County and BLM as they had agreed to do.
6. In 2001, Clark Powell paid the mine permit fees for that year and received a transfer form from DOGM to transfer the mine permit from GRD. The permit transfer required GRD acceptance and signature. GRD agreed, again, to make these assignments and transfers but subject to Powell's assumption of the reclamation obligation and arrangements with Emery County and BLM. Powell failed again to negotiate the assignment with Emery County and BLM.

**Arguments for Petition for an Extension of Time to Perform Reclamation (cont.)**

7. In 2003, it became apparent that Clark Powell was not going to follow through with BLM and Emery County to assume the encroachment and reclamation agreement. GRD made a renewed assessment, with BLM input, of reclamation requirements. In preparation of reclamation, GRD sought to sell the gypsum stockpiles to U S Gypsum, which sale required a temporary haul permit Emery County agreed to issue. This sale was subject to seasonal transportation options that were delayed.
8. In 2004 Clark Powell again stepped in with assurances he would restrict any reclamation work and that he was negotiating a sale of the mine site and mineral rights, which sale required the mine site to be active. At this time, BLM advised GRD that reseeding could only be done in October or early November.
9. Anticipating ultimately to make the assignment and transfer to Clark Powell, GRD made no further effort to reclaim the mine site the remainder of 2004 nor in 2005.
10. Without any prior communication from DOGM regarding reclamation, on November 9, 2005 GRD received a letter from DOGM requiring reclamation by January 6, 2006. Intending to move forward with reclamation preparations, GRD again contacted BLM and was advised that the mineral claims had not been renewed by Clark Powell in September and would be forfeited as of December 31, 2005.
11. Throughout this time period, GRD had presented commercial opportunities to Powell for the economic development of the gypsum deposit. For lack of understanding and over-valuing of the mineral deposit, Powell was ineffective in promoting the economic development of this mineral reserve. After January 1, 2006 is the first opportunity GRD has had to advance the commercial development of the mineral deposit unobstructed by Clark Powell and to seek a financial return on its substantial investment of capital, time and business development efforts.
12. After an informal conference on March 28th between GRD and DOGM wherein these arguments were presented, DOGM determined that it could support GRD's extension petition with some provisions and clarifications. Likewise, Emery County favors the time extension with the possibility of viable economic development or an ultimate resolution for reclamation. For timing and reseeding issues, GRD concludes that BLM would support this extension petition.
13. In the event the Board cannot agree to the merits of this petition and denies it, GRD commits to proceed with the reclamation in an earnest and reasonable time period, for which the best time may be determined to be in October/November anyway.

I thank the board for its careful and complete consideration of these arguments. Please recognize that either of GRD's proposed outcomes is favorable. GRD's first choice is to finally establish economic viability with strong partnerships and a newly permitted mining operation. And if not that, then GRD's second choice is to achieve final resolution with reclamation by November.

Sincerely,



Curtis R. Larkin  
GRD, Inc.